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TOP SECRET

DOS review completed

EUROPE

1. DENMARK: Precautions taken against rumored Soviet action—US Ambassador Marvel reports that the Danes have taken the precautionary measures of cancelling Army and Navy leaves (customarily granted during the five-day Easter holiday) and of alerting the police, because "there is some Danish thinking" that the USSR may attempt to take the isles of Laaland and Falster (southeastern part of Denmark). Danish officials have told Marvel that all-out resistance will be offered to such a move. Marvel believes that the likelihood of such Soviet action at present is remote.

(CIA Comment: CIA agrees that Soviet seizure of these islands is at present unlikely. The USSR would presumably take such a step only as a part of a much larger military operation which appears unlikely during 1948.)

- 2. SWITZERLAND: <u>Kalians to return for April elections</u>—According to US Legation Bern, arrangements have been made for over half of the approximately 100,000 Kalians in Switzer—land to return to Italy to vote in the April elections. A great majority of these Italians are expected to vote against the Communists.
- 3. SPAIN: US disappointment with reaction to proposals—The Department of State has authorized Embassy Madrid to express casually to high-ranking Spanish officials US disappointment with the negative Spanish reaction to US proposals for strengthening US-Spanish relations. The Embassy is instructed to say that the Spanish attitude is not conducive to any change in: (a) the present US policy of refusing Government credits to Spain; (b) the disinclination of European countries to include Spain in their cooperative efforts; or (c) the basic UN position on Spain.

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4. FRANCE: Strengthening of French-Italian border—US An hassador Caffery has learned from a reliable official that the French intend to strengthen their troops along the French-Italian frontier (until after the Italian elections) and possibly also along the French-Spanish border, in order to forestall possible coordination of a Communist offensive in France with Communist action in northern Italy and Spain.

CIA Comment: In view of the current decrease in Kalian Communist prospects for victory in the April elections, the Communists may launch a surprise insurrection, condentrating their efforts in north Kaly. Their ability to mainthin control of that area would depend upon the extent of aid received from Communists in other countries.)

WAR MAST

Langdon reports that a letter has been received from the Soviet Commander in North Korea, stating that the US has failed to fulfill agreements concerning payments for electric power supplied to South Korea by North Korea and therefore:

(a) the USSR "can no longer act as mediator between the US Command and the North Korean People's Committee" in the matter of supplying power to South Korea; and (b) any further negotiations on this matter must be conducted directly with the People's Committee. Langdon considers the Soviet letter an attempt to expedite payment by the implied threat that the People's Committee will shut off power more readily than the USSR.

(CIA Comment: US inability to meet the difficult
Soviet terms concerning method of payment has long been to
source of friction in the power negotiations. CIA believes that,
in addition to being an attempt to press for a settlement, the
Soviet action represents: another step toward recognition of
the autonomy of the North Korean regime.)